

Message Text

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ACTION EB-08

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E.O.11652: N/A
TAGS: EFIN, IR
SUBJ: IRAN'S LEND-LEASE/SURPLUS PROPERTY DEBT

REF: STATE 025576

1. AS INSTRUCTED BY REFTEL I MET WITH MINISTER OF ECONOMIC AFFAIRS AND FINANCE ANSARY MORNING OF MARCH 3 TO CONVEY PERSISTENT CONGRESSIONAL CONCERN AT THE STATUS OF IRANIAN ARREARAGES ON ITS LEND-LEASE/SURPLUS PROPERTY DEBT AND TO URGE AGAIN THAT IT BE SETTLED IN VERY NEAR FUTURE. I MADE THE POINT THAT I WAS SPEAKING UNDER INSTRUCTIONS AND READ TO HIM THE RELEVANT PARTS OF THE CONGRESSIONAL SUBCOMMITTEE ON GOVERNMENT OPERATIONS REPORT ON THIS SUBJECT. I ALSO LEFT WITH HIM A CHRONOLOGY OF THE EXCHANGES OUR TWO GOVERNMENTS HAVE HAD ON THIS SUBJECT GOING BACK TO 1945 AND A STATEMENT OF THE ACCOUNT AS IT NOW STANDS. I NOTED THAT WHILE WE DID NOT ACCEPT THAT THERE WAS A LINKAGE BETWEEN IRAN'S LEND-LEASE INDEBTEDNESS TO THE US AND IRAN'S CLAIM AGAINST THE US FOR DAMAGES THAT HAD OCCURRED TO ITS TRANSPORTATION SYSTEM DURING WORLD WAR II, WE HAD NEVERTHELESS GIVEN THE MOST SERIOUS AND CAREFUL CONSIDERATION TO IRAN'S CLAIM. THIS CONSIDERATION AND OUR FINDINGS WERE REFLECTED IN A MEMORANDUM OF LAW TRANSMITTED TO MINISTRY

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OF FOREIGN AFFAIRS ON JUNE 20, 1976 IN WHICH IT WAS FOUND THAT NO LEGAL JUSTIFICATION EXISTED FOR SUCH A CLAIM AGAINST THE UNITED STATES. I REITERATED OUR WILLINGNESS TO STUDY ANY ADDITIONAL EVIDENCE THE GOI MAY OFFER TO SUPPORT ITS CLAIM.

2. SPEAKING VERY STERNLY, ANSARY REPLIED THAT THE GOI HAD INDEED RECOGNIZED ITS INDEBTEDNESS TO THE UNITED STATES AND

THAT IT HAD MADE PERIODIC PAYMENTS AS EVIDENCE OF ITS GOOD INTENTIONS IN THIS MATTER. NEVERTHELESS, HE WANTED US TO KNOW THAT THE GOI HAD NOT IDLY CONSTRUCTED ITS CLAIM AS A POSSIBLE OFFSET. WHILE THERE MAY NOT BE ANY LEGAL LINKAGE BETWEEN THE TWO CLAIMS AND INDEED THIS WAS NOT THE GOI'S INTENTION, IT NEVERTHELESS EXPECTS PROGRESS TOWARD THE RESOLUTION OF ITS CLAIM AS WE EXPECT PROGRESS TOWARD THE RESOLUTION OF OUR CLAIM. HE WENT ON TO NOTE THAT WE MUST UNDERSTAND THAT IN THOSE TURBULENT AND UNCERTAIN DAYS WHEN THE COUNTRY WAS OCCUPIED NOT ALL POSSIBLE DOCUMENTATION MAY HAVE BEEN KEPT TO SUBSTANTIATE ITS CLAIM IN A COURT OF LAW. NEVERTHELESS, IT IS A HISTORICAL FACT THAT THE IRANIAN TRANSPORTATION SYSTEM WAS USED BY ALLIED FORCES INCLUDING THE UNITED STATES DURING WORLD WAR II AND THAT THE SYSTEM SUFFERED ACCORDINGLY AND HAD TO BE REHABILITATED AT COST TO THE GOI ON THE TERMINATION OF HOSTILITIES. THIS, HE SAYS, DOES NOT SEEM TO HAVE BEEN TAKEN INTO ACCOUNT IN OUR FINDINGS. I SAID THAT THE THRUST OF OUR MEMORANDUM OF LAW WAS NOT TO DISPUTE HISTORICAL FACTS BUT TO EXAMINE WHETHER LIABILITY WAS LEGALLY ASCRIBABLE TO THE UNITED STATES AND THAT WE DID NOT FIND THAT IT WAS. I WENT ON TO NOTE THAT WE HAD NOT RECEIVED ANY RESPONSE TO OUR MEMORANDUM OF LAW WHICH HAD BEEN IN THE HANDS OF HIS GOVERNMENT FOR OVER EIGHT MONTHS. ANSARY SAID THAT HE WOULD LOOK INTO THIS MATTER AND DETERMINE WHAT RESPONSE SHOULD BE MADE.

3. ANSARY WENT ON TO SAY THAT HE WISHED TO REGISTER WITH ME HIS RESENTMENT OVER THE CONGRESSIONAL SUGGESTION THAT OUR TRANSFER OF ARMS POLICY MIGHT BE LINKED TO IRAN'S DISCHARGE LIMITED OFFICIAL USE

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OF ITS LEND-LEASE DEBT. HE SAID THAT IRAN IS NOT SPENDING MILLIONS OF DOLLARS ON ARMAMENTS BECAUSE IT ENJOYS IT BUT BECAUSE IT IS NEEDED FOR ITS DEFENSE AND ALSO THAT IT SERVES THE CAUSE OF THE FREE WORLD AND IN PARTICULAR THE UNITED STATES. IT RELIEVES US OF BURDENS THAT WE ARE EITHER UNWILLING OR UNABLE TO ASSUME AND HE THOUGHT THIS OUGHT TO BE ABUNDANTLY CLEAR TO THE US GOVERNMENT AS A WHOLE.

4. IN CONCLUDING, ANSARY SAID THAT IN THE CONTEXT OF OTHER MATTERS ITS DEBT OF \$35 MILLION IS NOT A SIGNIFICANT FIGURE. INDEED, HE NOTED, THE GOI AT OUR BEHEST HAD CONTRIBUTED THROUGH ITS OWN EXTERNAL AID PROGRAM SIGNIFICANTLY LARGER SUMS FOR CAUSES THAT SUPPORTED OUR MUTUAL OBJECTIVES, I.E., AID TO EGYPT AND PAKISTAN. THEREFORE IT WAS NOT THE SIZE OF THE SUM INVOLVED BUT THE PRINCIPLE. HE HOPED THAT WE WOULD REFLECT ON WHAT HE HAD TOLD ME AND THAT WE MIGHT BOTH WORK OUT A MORE CONSTRUCTIVE APPROACH TO RESOLVE THIS LONGSTANDING AND VEXING PROBLEM. I ASSURED HIM THAT I WOULD REPORT FULLY HIS REMARKS AND OUR DISCUSSION.

MIKLOS

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